

Honorable Richard A. Jones

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

MERENDON MINING (NEVADA) INC,  
et al.,

Defendants.

Case No. 2:10-cv-00955-RAJ

JUDGMENT AND PERMANENT  
INJUNCTION AS TO  
LARRY LEE ADAIR

In accordance with the court's October 30, 2012 order, the court enters this judgment and permanent injunction against Defendant Larry Lee Adair.

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant Larry Lee Adair and his agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means

1 or instrumentality of interstate commerce, or of the mails, or of any facility of any national  
2 securities exchange, in connection with the purchase or sale of any security:

3 (a) to employ any device, scheme, or artifice to defraud;

4 (b) to make any untrue statement of a material fact or to omit to state a material fact  
5 necessary in order to make the statements made, in the light of the circumstances  
6 under which they were made, not misleading; or

7 (c) to engage in any act, practice, or course of business which operates or would  
8 operate as a fraud or deceit upon any person.

9 II.

10 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that  
11 Defendant Larry Lee Adair and his agents, servants, employees, attorneys, and all persons in  
12 active concert or participation with them who receive actual notice of this Judgment by  
13 personal service or otherwise are permanently restrained and enjoined from violating Section  
14 17(a) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. § 77q(a)] in the offer or  
15 sale of any security by the use of any means or instruments of transportation or communication  
16 in interstate commerce or by use of the mails, directly or indirectly:

17 (a) to employ any device, scheme, or artifice to defraud;

18 (b) to obtain money or property by means of any untrue statement of a material fact  
19 or any omission of a material fact necessary in order to make the statements  
20 made, in light of the circumstances under which they were made, not  
21 misleading; or

22 (c) to engage in any transaction, practice, or course of business which operates or  
23 would operate as a fraud or deceit upon the purchaser.

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Larry Lee Adair and his agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Judgment by personal service or otherwise are permanently restrained and enjoined from violating Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. § 77e] by, directly or indirectly, in the absence of any applicable exemption:

- (a) Unless a registration statement is in effect as to a security, making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise; or
- (c) Making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise any security, unless a registration statement has been filed with the Commission as to such security, or while the registration statement is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding or examination under Section 8 of the Securities Act [15 U.S.C. § 77h].

IV.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)] and Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)], Defendant Larry Lee Adair is prohibited from acting as an officer or

1 director of any issuer that has a class of securities registered pursuant to Section 12 of the  
2 Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of  
3 the Exchange Act [15 U.S.C. § 78o(d)].

4 V.

5 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that  
6 Defendant Larry Lee Adair is liable for disgorgement of \$3,360,937 representing profits gained  
7 as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon  
8 in the amount of \$926,756.32 and a civil penalty in the amount of \$1,166,340 pursuant to  
9 Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange  
10 Act [15 U.S.C. § 78u(d)(3)]. Defendant shall satisfy this obligation by paying the total amount  
11 to the Securities and Exchange Commission within 14 days after entry of this Final Judgment.

12 Defendant may transmit payment electronically to the Commission, which will provide  
13 detailed ACH transfer/Fedwire instructions upon request. Payment may also be made directly  
14 from a bank account via Pay.gov through the SEC website at  
15 <http://www.sec.gov/about/offices/ofm.htm>. Defendant may also pay by certified check, bank  
16 cashier's check, or United States postal money order payable to the Securities and Exchange  
17 Commission, which shall be delivered or mailed to

18 Enterprise Services Center  
19 Accounts Receivable Branch  
20 6500 South MacArthur Boulevard  
21 Oklahoma City, OK 73169

22 and shall be accompanied by a letter identifying the case title, civil action number, and name  
23 of this Court; Larry Lee Adair as a defendant in this action; and specifying that payment is  
made pursuant to this Final Judgment. Defendant shall simultaneously transmit photocopies of  
evidence of payment and case identifying information to the Commission's counsel in this

1 action. By making this payment, Defendant relinquishes all legal and equitable right, title, and  
2 interest in such funds and no part of the funds shall be returned to Defendant.

3 Defendant shall pay post judgment interest on any delinquent amounts pursuant to 28  
4 U.S.C. § 1961. The Commission shall hold the funds, together with any interest and income  
5 earned thereon (collectively, the “Fund”), pending further order of the Court.

6 The Commission may propose a plan to distribute the Fund subject to the Court’s  
7 approval. Such a plan may provide that the Fund shall be distributed pursuant to the Fair Fund  
8 provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. The Court shall retain  
9 jurisdiction over the administration of any distribution of the Fund. If the Commission staff  
10 determines that the Fund will not be distributed, the Commission shall send the funds paid  
11 pursuant to this Final Judgment to the United States Treasury.

12 Regardless of whether any such Fair Fund distribution is made, amounts ordered to be  
13 paid as civil penalties pursuant to this Judgment shall be treated as penalties paid to the  
14 government for all purposes, including all tax purposes. To preserve the deterrent effect of the  
15 civil penalty, Defendant shall not, after offset or reduction of any award of compensatory  
16 damages in any Related Investor Action based on Defendant’s payment of disgorgement in this  
17 action, argue that he is entitled to, nor shall he further benefit by, offset or reduction of such  
18 compensatory damages award by the amount of any part of Defendant’s payment of a civil  
19 penalty in this action (“Penalty Offset”). If the court in any Related Investor Action grants  
20 such a Penalty Offset, Defendant shall, within 30 days after entry of a final order granting the  
21 Penalty Offset, notify the Commission’s counsel in this action and pay the amount of the  
22 Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs.  
23 Such a payment shall not be deemed an additional civil penalty and shall not be deemed to

1 change the amount of the civil penalty imposed in this Judgment. For purposes of this  
2 paragraph, a “Related Investor Action” means a private damages action brought against  
3 Defendant by or on behalf of one or more investors based on substantially the same facts as  
4 alleged in the Complaint in this action.

5 VI.

6 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is  
7 incorporated herein with the same force and effect as if fully set forth herein, and that  
8 Defendant shall comply with all of the undertakings and agreements set forth therein.


9 VII.

10 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall  
11 retain jurisdiction of this matter for the purposes of enforcing the terms of this Judgment.

12 VIII.

13 There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of  
14 Civil Procedure, the Clerk is ordered to enter this Judgment forthwith and without further  
15 notice.

16 Dated: October 30, 2012

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19 The Honorable Richard A. Jones  
20 United States District Court Judge  
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